



FAIR POLITICAL PRACTICES COMMISSION

428 J Street • Suite 620 • Sacramento, CA 95814-2329
(916) 322-5660 • Fax (916) 322-0886

November 4, 2013

Steve Szalay

REDACTED

RE: Advisory Letter
FPPC Case No. 13/0854; Steve Szalay, Respondent

Dear Mr. Szalay:

On October 31, we sent you a warning letter concerning a failure to disclose a gift from E.J. De La Rosa & Co., Investment Bankers (“De La Rosa & Co.”) on June 29, 2011, in connection with your position as the Chief Executive Officer for the County of Sacramento. In response to our letter, you provided the explanation that you and your wife have a reciprocal dinner arrangement with Paul Rosenstiel, a partner at De La Rosa & Co., and the alleged gift of dinner was a result of the agreement. Because the meal was actually paid for by De La Rosa & Co., which had reimbursed Paul Rosenstiel knowing the meals were provided to you as public officials, under Regulation 18945, De La Rosa & Co., was the true donor and Paul Rosenstiel was the intermediary of the gifts. Since you provided an explanation that indicates you were not aware of the true donor of the gift, we are rescinding our previous warning letter to you and substituting instead this advisory letter.

The gift provisions of the Political Reform Act¹ (the “Act”) state that a gift is “any payment that confers a personal benefit on the recipient, to the extent that consideration of equal or greater value is not received and includes a rebate or discount in the price of anything of value unless the rebate or discount is made in the regular course of business to members of the public without regard to official status.” In an effort to reduce improper influences on public officials, the Act imposes reporting obligations on certain public officials requiring that any gift (or any gifts that aggregate to \$50 or more from the same source) received during the calendar year are disclosed on the official’s Statements of Economic Interests. Reporting requirements apply to all employees and officials designated in an agency’s conflict-of-interest code as specified in the code. (Section 87302(b).)

¹ The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18110 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

When reporting a gift, you are required to accurately disclose who the true source of the gift actually is. Under Regulation 18945, Source of Gifts:

(a) The person who makes the gift to the official(s) is the source of the gift unless that person is acting as an intermediary. The person is acting as an intermediary for the source of the gift when the gift to the official was provided under any of the following conditions:

(1) the person receives a payment from a source and the payment is made to the official after the source identifies the official as the intended recipient of the gift;

(2) the person receives a payment from a source after soliciting the payment with the understanding that the payment will be used for the sole or primary purpose of making a gift to an official; or

(3) the person receives a payment from a source after the payment was solicited by the official or the official's agent for the purpose of making a gift to the official.

(b) Under any of the conditions identified in subdivision (a)(1)-(3), the source of the payment is the source of the gift.

(Regulation 18945.)

You believed the source of the gift was Paul Rosenstiel and have since discovered that, because De La Rosa & Co., reimbursed your friend for the cost of the meal knowing who the public officials who benefitted from the meal would be, that De La Rosa & Co., was the true source of the gift and should have been so reported. Per Section 87313, you are required to include in your Statement of Economic Interests the full name, street address, and business activity of the intermediary of the gift, your friend Paul Rosenstiel, as well as the actual donor, De La Rosa & Co.

The FPPC publishes forms and manuals to facilitate compliance with the Act. If you need forms or a manual, or guidance regarding your obligations, please call the FPPC's Technical Assistance Division at (916) 322-5660. Please also visit our website at www.fppc.ca.gov.

Sincerely,

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 Gary S. Winuk, Chief
Enforcement Division